# LEADING the SUCCESSFUL CITY.

***IS THERE A CITY LEADERSHIP DIVIDEND? IS THERE A LINK BETWEEN CITY SUCCESS AND CITY LEADERSHIP? WHAT CONTRIBUTION DOES EFFECTIVE LEADERSHIP MAKE TO A CITY?***

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*Municipality of London - New York City at night- Canary Warf, London - New York City*

There may be some obvious observations:
Successful businesses don't locate in failing cities too often.
Successful cities don't have failing leaders too often either.
Successful city development requires influential leadership as well as good management.
Successful regions have successful cities, and successful cities strengthen regions.

**In a complex, dynamic, and internationally connected world, locating roles and responsibilities for taking fo rward complex city development agendas becomes very important**

City development is not like orthodox public services, where a defined service is delivered to a relatively well-known customer/ population base within a defined geography. City development operates both within governmental spheres and within markets, where the final customer might be one of many at the start, and where factors well outside the control of local and provincial governments impact upon the outcome.
Development processes also happen within a wider geographical space than local government, and in some cases at a larger space than provincial or national governments, which implies that substantial inter-governmental co-operation is required.
Equally, the time frame in which city development outcomes appear are more akin to business cycles (12-15 years) than to the electoral cycles (3-4 years) of governments. Given all of these factors, it is highly desirable that economic development is orchestrated as a partnership activity between public, private, and institutional sectors, with substantial vertical and horizontal collaboration on the public sector side. A long term strategy which includes realistic and measurable short term goals and outputs is required and it should be an activity that is customer and investor facing and utilizes appropriate organizational vehicles to deliver this (such as development agencies/corporations).
If this is accepted it becomes clear that there are two roles for public sector organisations and governments. The first is to attend to the fundamentals of delivering economically sensitive public services in a very robust and effective way (these would include infrastructure, education, planning, amenities, etc). This would also include ensuring that there is the necessary co-ordination of public sector endeavours in place, such as co-ordination on investment in different types of infrastructures or the co-ordination of regulatory regimes. The second is that government should collaborate extensively, and foster co-operation at a broad regional level with private and public sector actors, to ensure that market sensitive development interventions are delivered in a professional and supported manner (these would include planning and development, branding and promotion, support for businesses and investors, investment facilitation and financial engineering, management of commercial spaces, and fostering of entrepreneurship and innovation).
It is also clear that success in this kind of local economic development framework has other practical imperatives that include the necessity to recognise and understand the functional interdependence of the local or sub-regional economy. This can be seen in the interaction of markets and infrastructure, logistics platforms and catchment areas for Central Business Districts (CBDs), universities, airports and hospitals. Another imperative is to build a leadership function for the local or sub-regional economy as a whole (either through collaboration or through reform of governance, or both) to articulate a vision for the region and to be accountable for efforts to achieve the vision. It is critical to address co-ordination and integration failures. Governance reform may be necessary although often much can be achieved from driving more impact out of existing arrangements through common agenda setting and a commitment to joint action.

The process should identify and measure the significance of the local or sub-regional economic contribution to the success of the wider territorial unit (the state, province, or nation) and communicate it well. This might be seen in terms of fiscal contribution, economic and administrative functions, population and employment, gateway and logistics activities, the visitor economy, the hosting of institutions or identity and character.
It is also necessary to assess the major challenges facing the local or sub-regional economy in an international context, recognising the need to be internationally successful, not simply domestically dominant. There are now a wide range of formulae that can be applied to judge relative progress and success - amongst others, the work of the Globalisation and World Cities Group, the Mercer Index and research by Jones Lang LaSalle.
There should be a focus on long term fundamental issues that will support improved functionality of the local or sub-regional economy. This includes attention to fundamental drivers of growth (skills, innovation, enterprise, and employment rates) and contextual factors (infrastructure/ connectivity, the quality of housing and amenities, the performance of public services, the operating environment for business, and broader quality of life).
It is desirable to work towards a single purposeful plan for the locality or city-region. Integrate the different strategies and plans into one framework which is underpinned by a core evidence base and expressed as a single narrative.
It is the coherence and interaction of combined plans and strategies that really matters, as well as engaging support from higher tiers of government and identifying how wider benefits can be achieved from local or sub-regional success. Typically, this involves assisting a national government to recognise the contribution made by major metropolitan areas and to establish a new settlement or agreement about how they are supported.
The building of greater investment and financing capacity is very important in order to move from a low investment/low return equilibrium to a high investment/high return equilibrium through engagement with the private sector, better use of financial innovations and assets, and the capturing of value to support long term investment. In many cases it also requires raising additional levies and taxes for specific purposes.
Implementation capability has to be built at a scale required to make decisive interventions on the major challenges facing the locality or sub-region. This may require the development of new agencies or entities, the disposal of existing ones or more ambitious priorities for those that exist already. It nearly always involves using existing tools in bolder and more imaginative ways, as well as creating new ones. It is helpful to identify catalysts that can accelerate progress on solving key problems and utilise them to foster momentum fully.
These might be projects or events that have the ability to deliver immediate and short term outcomes, but can also foster momentum on longer term goals - for instance the hosting of major events. A further issue is to measure and benchmark progress regularly against agreed goals and engage media attention in the long term issues and trends facing the locality or sub-region. Support should be given to those leaders that have taken the longer term, bigger picture view of what is in the best interests of the interdependent region and celebrate success. And it is important to build a local or sub-regional identity that represents the essence of the region and promote it effectively through major channels. This may involve building champions for the region, from both within and outside, and encouraging them to present the region positively through key media channels. The region should be open to the world and ready to make adjustments to benefit from international opportunities.

### LONDON and NEW YORK

In the year 2000 it was clear to many that London and New York had emerged as the world's leading cities at the millennium's end. In some ways, the 1900s had been New York's Century, and the 1990s had been London's decade. New York was great, but London was back.
In the past, New York and London both grew by serving rapidly expanding markets. New York's rise in the 20th century can be in part observed as linking a rapidly growing USA to global markets, London's growth in the 18th and 19th centuries owed much to its role as an imperial capital, and the market that this empire brought. In the later years of the 20th century both cities took decisive roles in serving a rapidly growing and integrating global economy, especially, though not solely, with advanced financial and business/professional services. The dominant roles of engagement in the global economy; the English language, Anglo-American legal systems and capital markets, the internet and electronic trading appear to have favoured London and New York, as the two leading cities in the domestic systems from which they come.

**Which cities will be the leading world cities in 2100? There are many new factors to consider. Extended globalisation, emerging markets, climate change, technology, terrorism, population growth, and science will all play a part**

This leads to the big question, which cities will be the leading world cities in 2100? There are many new factors to consider. Extended globalisation, emerging markets, climate change, technology, terrorism, population growth, and science will all play a part. Which cities will lead the world in 2100?
Could anyone, 100 years earlier in 1900, have predicted that London and New York would reach 2000 in such a great position, or have possibly imagined all that has happened in the 8 years since? Let's go back to 1900.
In 1900 London was the largest city in the world and, to a large extent, become the victim of its own success. From its position as 'indisputably the greatest city that had ever existed in the world' in the early part of the 19th century, the Londoners of 1900 'appeared for the first time to acquire a sense of sight and smell and realize that they were living on a dung heap' as Peter Hall notes.
New York's population in 1900 was 3,437,000 for the newly (1897) consolidated five boroughs of Manhattan, Brooklyn, Queens, the Bronx, and Staten Island. It was the fastest growing city in the world. Like to London before it, success came with baggage, but 'New York became the gateway, toll station, and hostelry through which immigrants passed in their abandonment of the Old World for a better life in the New'.

### CENTURY 21: WHOSE CENTURY WILL IT BE?

Towards the end of the 20th century London and New York, often along with Paris, sometimes with Tokyo, and occasionally with Hong Kong and Los Angeles, began to be recognised as the leading cities in the world. A review of the rapidly growing range of city indexes in 2008 reveals how much London and New York have taken the lead. The indexes show that there is a perception that London and New York have certainly begun to dominate on measures of economic power, global connectivity, and financial hubs. Paris and Tokyo do well on many measures but London and New York are the more international cities, it would appear. Many of the softer measures of quality of life, sustainable development, and amenities suggest that London and New York have some distance to go on social and environmental measures however.

### The GLOBAL CITY INDEXES

The major indexes are published by UN, OECD, and other inter-governmental bodies, and by ULI, Mercer, CWHB, Mastercard, Standard and Poor and many others. What the twenty five key global indexes reveal, despite all of the problems of data and lack of objectivity, is the ability to identify some short to medium measures of city success. These might include:
- Connectivity and accessibility.
- Industrial/ economic structure.
- Quality of life, place, and amenities.
- Skills of labour force.
- Innovation and creativity.
- Cost base of cities, business environment and entrepreneurship.
- Image and identity.
- Leadership and strategic implementation capacity.

These are undoubtedly important factors and ingredients and go some way to help understand why some cities do better than others, especial over one or two business cycles.
However, if our concern is to understand how London and New York became the most successful cities of the 20th century and to begin to consider what might be the important ingredients of city success into the longer future, the next 100 years, we might observe the additional roles of other factors. This involves understanding what will make a city successful over five or ten business cycles. From this longer term perspective other things may be important:
- Openness to international populations.
- Power (and adaptability) of the city identity and brand.
- Location and access to growing markets.
- Role of city in fostering/ brokering international trade.
- Power and influence of language and regulatory/ legal/ financial systems of the city.
- Depth of artistic, architectural and cultural endowment.
- Success in adjusting to shocks, and luck/ skill in being on the right side of conflicts.
- Investment in the city from all sources (including higher tiers of government).
- Sustainability in terms of climate and environmental sensitivity.
- Sustained city leadership and investment advocacy.

This list is not comprehensive and there are important relationships to explore between these factors and between the two lists. For example, fighting and winning world wars brings horrific costs, but it may also allow a country to impose its systems of doing business more thoroughly internationally and favour its own cities as future hubs in the process. Equally, access to growing markets for cities might be due to the growth of the domestic economy (New York in the 20th century) or due to integration with other economies (London in the 1990s), and in the future it might mean which cities capture the best global roles in emerging markets.
Whether we look for long term signs or short term factors we can understand more about how all major cities can succeed by understanding where London and New York have succeeded and failed, and what they can do about it, including learning from each other.

### CITY LEADERS and LONG TERM SUCCESS

The debate about what kind of leadership cities need in the 21st Century is beginning in earnest. Our modern era places enormous emphasis on the success of cities. 50% of the world's population now live in cities and urban areas, and it will be 75% by 2025. This is a 2400% increase in the number of urban residents over a 100 year period since 1925. Population is a good core measure of urban attractiveness; people really do choose to live in cities. The global age is an urban age.
The current period of globalisation has provided cities with new opportunities to act on their own behalf, as previous eras have done. The recent internationalisation of economics and trade frees cities from some of the rigid national urban systems and hierarchies that were the feature of the 'nation state driven' 20th century, and allows them to express new international roles. So Miami, Barcelona, and Bangalore can emerge from under the shadow of New York, Madrid, and Mumbai to become international players in their own right.
But globalisation also opens up cities to external challenge, much more of the content of the city economy is now contested through international competition, so constant adjustment is necessary. Cities have to chart their course through a global economy, not just try to participate in it. A Milan, or a Berlin, that slip down the numerous international city rankings due to failure to solve their problems adequately, need to try to find a way back. City leaders have to solve the problems before structural decline sets in.
One key implication of the shift to knowledge based economics is that whereas the people used to follow jobs and firms, these now follow the people. Advanced firms will locate where talented workers are willing or wanting to live. The quality of life and place, the amenities, ambience, and facilities of cities will become a critical competitive

tool in attracting knowledge workers, who are themselves the magnets for external corporate investment and local expansion. This is why leading bio science centres such as Singapore, San Francisco/Bay Area, Basel, and others are placing great stress on high quality of life, but it is also why established financial centres like London and New York seek to become greener and cleaner, and why emerging world cities like Helsinki, Frankfurt, Seattle, and Seoul must become better places to live and offer richer opportunities to enjoy life.
City leaders that are in tune with the needs of international firms and leading sectors can make a big difference if they calibrate local services and infrastructures to support them, and actively try to solve the local operating problems such firms face. But does city success really add to the performance of firms? What does a city and its leadership do for business?

**The world is not 'flat' - although the rules and systems are increasingly flat and 'open' - the world is in fact 'spiky' with an open system in fact contriving to encourage large numbers of firms, investments, and activities to concentrate in a smallish number of ve ry dense places (the leading cities)**

The core insight about this comes from what the theorists call 'agglomeration economies'. They recognise that the world is not 'flat' (as Thomas Friedman puts it) - although the rules and systems are increasingly flat and 'open' - the world is in fact 'spiky' (as Richard Florida has it) with an open system in fact contriving to encourage large numbers of firms, investments, and activities to concentrate in a smallish number of very dense places (the leading cities).
Firms congregate in some cities rather than others for two basis reasons. Either:
- The cities offer the high calibre infrastructure, logistics, real estate, digital facilities, and efficient public services relative to the price paid for them (in taxes and operating costs) because the quality and orientation of those factors are what the business needs, and the costs of providing them is shared appropriately with others who use them.
and/or
- The cities have large numbers of other firms present that offer access to suppliers, services, skilled staff and capital. The cities are 'an internal market' in, often specialised, business input that is a competitive advantage in the external competition the firms face.
These are called 'urbanisation' and 'localisation' economies but they frequently work together with one reinforcing the other. Madrid's expansion of transport capability with the award winning Terminal 4 at Barajas combined with the speed at which it has introduced a metro subway system are key ingredients in an urbanisation economy. Dublin's success in attracting and building clusters of IT and Bio firms underpinned by a rapidly internationalising labour force, is a great example of localisation benefits. But cities like London and New York find the two reinforce each other: in London a strong lobby of well organised businesses campaign for a fast cross city train (CrossRail) to be built and agree to help finance it. In New York, business backs the plan to streamline regulation in financial services in order to be more successful in the long term.

**CITY DEVELOPMENT and PROBLEM SOLVING**
However, success also brings problems like congestion, price rises, and shortages of amenities (such as housing or office space). How well city and national leaders solve these 'growth challenges' is central to success in the longer term. Central to this is the progress that leaders are able to make in improving the platform the city offers for business success. So, what are the links between leadership and business success?
- Communication with business is essential. Leadership is at the heart of cities making the most of the opportunities and challenges of a global knowledge driven economy, and how well cities provide a platform for business success. This involves the leaders knowing and communicating what business the city is in. Being clear about the city's economic rationale and unique advantages is the first step. Agreeing to solve business problems for the good of the people is the second.
- Organising the real economy. Because city economies are bigger than city boundaries metropolitan or city regional leadership and co-ordination is key. City and national leaders must lead their regions and bring the key business assets of the regional economy together despite multiple authorities. There must be robust mechanisms for doing this.
- City economies are led by teams not just by individuals, leaders have to galvanise other leaders in business, institutions (such as universities), at higher levels of government, and at the regional level, around the competitive strategy and performance of the city in order to succeed.
- Active influence. Cities have different direct competences and powers. City leaders must both provide their own inputs well (services, investment, facilities) but they must also influence those provided by others (such as transport authorities, energy providers, and airports).

**City leadership is at the heart of all of city success. Like firms, cities do not succeed by accident We have no science of city leadership yet. It is in the interests of business to develop one**

- Services to business. Some city services are more important to firms than others, and firms are differently sensitive to local services. So planning, sanitation, education, transport, policing are important to firms in different sectors, and at different points in their life cycles.
- Investment. Attracting external investment is a key task for city leaders because public finance alone is not enough for city success, either in quantity or orientation. Business investment is needed in the productive platform of the city. The city leaders must provide the investment prospectus and reduce the costs and risks of investing in Belfast by better facilitating external investment and improving the pace and quality of the local and national response to investment. Public assets are also important ingredients in investment attraction and should be managed actively to leverage investment.
- City centres, central business districts, airport zones, and major development areas are key focuses for business success. They must be led and managed well. They provide the productivity of place.
- Cities increasingly offer a brand platform which is a key part of the branding of firms located there. City leaders must lead the articulation and co-ordination of the brand and communicate with active commitment and enthusiasm.
- Openness. City leaders can play a key role in attracting the multi lingual populations that are the competitive advantage of diversity in serving firms in a global economy.
- Business investment is sensitive to the environmental performance of cities. Cities have to adjust to a low carbon economy and enable businesses to accrue the benefits in sustainable investment.
City leadership is at the heart of city success. Rudy Giuliani in New York reduces crime and has the impact of opening up the city and many formerly 'no go' districts for external investment. Pascual Maragall in Barcelona develops the plan for making the Olympics a catalyst for the city's future, and Enrique Penalosa returns the streets of Bogota to the people, building a safer and more open city.
But does it need to be a directly elected Mayor? Can't good city leeders do it without being full time executives? Brilliant individuals can succeed without the tools of an executive Mayor. But executive Mayors have some advantages. Firstly, businesses recognise this model of leadership (as 'business-like') and are often more willing to co-operate with it. Second, higher tier governments recognise the direct accountability in this model and are more willing to devolve authority to it. Regional partners recognise the mandate too, and are more willing to be led by politicians with a large and explicit mandate. More than these though, directly elected mayors offer a decisive image and identity for their city. But all of this supposes that they do a good job. A poorly performing Mayor can be worse than no Mayor at all.
City leadership is at the heart of all of city success. Like firms, cities do not succeed by accident.
We have no science of city leadership yet. It is in the interests of business to develop one.